

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

V.

**SK ENGINEERING &
CONSTRUCTION CO., LTD.,**

Defendant.

Cr. No. 20-I-006 TLP

18 U.S.C. §§ 1343 & 2

INFORMATION

The United States of America charges:

At all times relevant to this Information:

General Allegations

The Yongsan Relocation Plan

1. The United States Army Corps of Engineers – Far East District (“FED”) was an agency of the United States Department of Defense (“DOD”), and part of the United States Government. FED was based in Seoul, Republic of Korea (“South Korea” or “ROK”). FED supervised contracting and construction on U.S. military installations in ROK and elsewhere.
2. FED payments to contractors were sent via bank wire transfer from DOD offices at Naval Support Activity Mid-South, which was located in Millington, Tennessee, within the Western District of Tennessee.
3. Since the 1950s, the United States has maintained a substantial military presence in South Korea. The United States presently stations approximately 28,000 active duty troops in South Korea, in addition to civilian personnel.
4. Beginning in the mid-2000s, DOD and the ROK government created a plan to consolidate U.S. military bases in South Korea. This plan was referred to as the Yongsan Relocation Plan, or YRP. The majority of the YRP was funded by the ROK government. As part of the YRP, the United States prepared to expand Camp Humphreys, a large military facility located near the city of Pyeongtaek, about 50 miles south of Seoul. DOD designated FED as the contracting representative to award contracts, manage construction, and supervise technical matters related to the YRP.

The Defendant and Other Entities and Individuals

5. Defendant SK Engineering & Construction Co., Ltd. ("SK E&C") was a corporation with its headquarters in South Korea. Defendant SK E&C performed construction and engineering services in South Korea and around the world.
6. Defendant SK E&C acted through its agents and employees. Hyeong-Won Lee was a managing director and senior employee at defendant SK E&C, who also used the title "vice president." Dong-Guel Lee was an employee of defendant SK E&C. At all times relevant to this Information, these individuals acted within the scope of their employment for defendant SK E&C, and to benefit themselves and defendant SK E&C.
7. Duane Nishiie was a United States citizen, who served as a contracting officer at FED.
8. S&Teoul was a small Korean company whose president was Seung-Ju Lee. S&Teoul was primarily used to facilitate payments to Nishiie.

LDUI Contract

9. In 2008, FED prepared to award a large contract for the YRP. The request for proposals sought bidders for a large land development, utilities, and infrastructure (LDUI) project that would cover the improvement of land and installation of utilities on an area of Camp Humphreys known as Parcel 2A. The contract was referred to as the "LDUI-Parcel 2A" contract (the "LDUI Contract"). On or about December 24, 2008, FED awarded the LDUI Contract to defendant SK E&C. The total value of the contract at the time was approximately 460 billion Korean won, equivalent to approximately \$400,000,000.
10. Defendant SK E&C has performed work on the LDUI Contract since 2009, and the total value of contract was increased due to change orders requested by FED. Defendant SK E&C has billed DOD approximately 730 billion Korean won, or approximately \$700,000,000, for work on the contract. These payments were made in the form of wire transfers from the Western District of Tennessee to ROK.
11. In or about 2010, defendant SK E&C agreed to create a construction subcontract with S&Teoul, with the understanding that S&Teoul would not actually perform any work.
12. In or about 2010, defendant SK E&C awarded two subcontracts to S&Teoul for construction work related to the YRP, valued at approximately \$2,600,000.
13. S&Teoul did not perform the work called for by the subcontracts. Rather, defendant SK E&C, and other subcontractors, performed the work that the subcontracts required of S&Teoul. Defendant SK E&C satisfied the requirements of the contract and completed the work in question.

14. Starting in October 2010, defendant SK E&C included S&Teoul as one of the subcontractors on its monthly tabulation of activity reports, which it submitted to FED. These documents falsely represented monthly tabulation of activity reports and made it appear that S&Teoul was a legitimate subcontractor performing work on the LDUI Contract, when in fact, it was not a legitimate subcontractor on the LDUI Contract and had not performed any work on the LDUI Contract. Defendant SK E&C's employees submitted these false statements knowingly, willfully, and with the intent to defraud.

Count One
Wire Fraud

15. Paragraphs 1 through 14 are realleged as if incorporated herein.
16. From in or about 2008 and continuing through in or about 2017, in the Western District of Tennessee and elsewhere, defendant

SK ENGINEERING & CONSTRUCTION CO., LTD.,

knowingly and with the intent to defraud, did devise and intend to devise a scheme and artifice to defraud the United States and for obtaining money and property, to wit, payments on U.S. Army contracts, by means of materially false and fraudulent pretenses, representations, and promises, and did transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing the scheme and artifice.

Purpose of the Scheme to Defraud

17. The purpose of the scheme was to obtain U.S. Army contracts on behalf of defendant SK E&C, to earn profit for defendant SK E&C, and to conceal the scheme.

Manner and Means of the Scheme to Defraud

18. In furtherance of the scheme, the defendant knowingly submitted false claims to DOD, in order to direct U.S. Army funds to S&Teoul.

Acts in Execution of the Scheme to Defraud

19. In furtherance of the scheme to defraud, defendant SK E&C transmitted, and caused to be transmitted, electronic wires between the Western District of Tennessee and the Republic of Korea.
20. As a result of the scheme, defendant SK E&C derived pecuniary gain. The gross gain derived by SK E&C as a result of the scheme was \$32,889,423.54.

All in violation of Title 18, United States Code, Sections 1343 and 2.

DATE: 3/16/2020

Justin Weitz by Jaymi

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